

# GLOBAL MARKET SQUARE



## Markets Closed Higher with Nasdaq Outpacing Peers with Treasury Yields Hitting Seven-Month Highs Ahead of Christmas.

December 24, 2024

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

The US and European stock markets closed mostly higher in a subdued early close ahead of the Christmas holiday. The Nasdaq continues to build on its recent outperformance, while the Dow trades slightly lower.

American Airlines came under pre-market pressure after a brief nationwide grounding due to a technical issue. Meanwhile, Treasury yields rose for the second consecutive day, with the 10-year hitting 4.59%, its highest level since May. Rising U.S. yields are also keeping the dollar firm against other major currencies. Many markets remain closed in Europe, but France's CAC index advanced following the new prime minister's pledge to reduce the budget deficit.

The 10-year Treasury yield is approaching its yearly peak, driven by last week's Federal Reserve decision and revised economic projections. The Fed's outlook now suggests fewer rate cuts in 2025, reflecting robust financial performance and lingering uncertainty about how quickly inflation will return to target. Cash has outperformed U.S. investment-grade bonds for the third time in four years, but with cash yields now trailing bond yields, bonds appear well-positioned to outperform in 2025. We anticipate the 10-year yield will hover in the 4% to 4.5% range next year, supported by potential Fed rate cuts and bond purchases, while tempered by resilient economic growth, fiscal deficits, and inflation uncertainty.

### Strong Year Despite Volatility:

Despite a December pullback, equities are on track to deliver over 20% gains for the second straight year. Much of the S&P 500's rally has been driven by the "Magnificent 7" mega-cap stocks, although market breadth improved in the latter half of the year. Solid fundamentals should sustain the bull market into 2025, though rising investor sentiment could lead to greater volatility. We expect earnings growth, rather than further valuation expansion, to drive market returns next year, leading to slower but positive gains. Additionally, there is room for leadership to expand beyond mega-cap tech. With healthy economic growth, rising corporate profits, and less restrictive central bank policies, the investment outlook for 2025 remains optimistic, though tempered by realistic return expectations.

### GDPNow Update:

- **The GDPNow** for the fourth quarter was updated today, December 24, 2024, and is unchanged at 3.1% GDP.

### Key Economic Data:

- **US Durable Goods New Orders MoM:** fell by -1.05%, compared to 0.79% last month.
- **US New Single-Family House Sold:** increased to 664,000, up from 627,000 last month, or 5.90%.
- **Richmond Fed Manufacturing Index:** is at -6.00, up from -14.00 last month.

## Eurozone Summary:

- **Stoxx 600:** Closed at 503.81, up 1.62 points or 0.32%.
- **FTSE 100:** Closed at 8,136.99, up 34.27 points or 0.42%.
- **DAX Index:** Closed for Holidays.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 43,297.03, up 390.08 points or 0.91%.
- **S&P 500:** closed at 6,040.04, up 65.97 points or 1.10%.
- **Nasdaq Composite:** closed at 20,031.13, up 266.24 points or 1.35%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,618.01, up 51.87 points or 1.45%.
- **Birling Capital US Bank Stocks Index:** closed at 6,240.06, up 25.75 points or 0.41%.
- **US Treasury 10-year note:** closed at 4.59%.
- **US Treasury 2-year note:** closed at 4.29%.



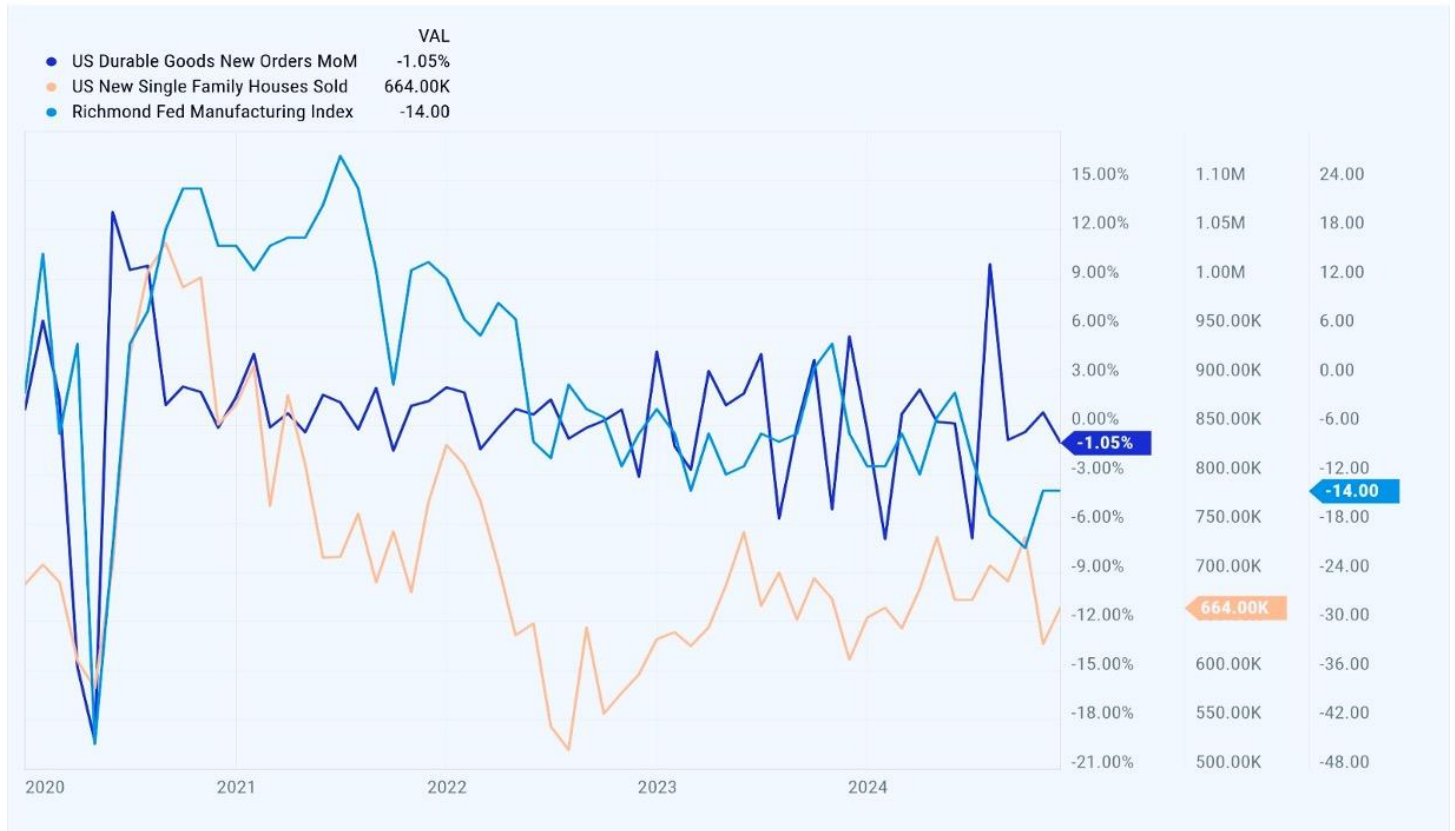
# GDPNow

## Forecasts for the Fourth Quarter

Date	GDPNow 4Q24	Change
10/31/24	2.70%	Initial Forecast
11/1/24	2.30%	-14.81%
11/5/24	2.40%	4.35%
11/7/24	2.50%	4.17%
11/15/24	2.50%	0.00%
11/19/24	2.60%	4.35%
11/27/24	2.70%	3.85%
12/2/24	3.20%	18.52%
12/5/24	3.30%	3.13%
12/9/24	3.30%	0.00%
12/17/24	3.10%	-6.06%
12/18/24	3.20%	3.23%
12/20/24	3.10%	-3.13%
12/24/24	3.10%	0.00%



# US Durable Goods New Orders, US New Single-Family Houses Sold & Richmond Fed Manufacturing Index





# Wall Street Recap

## December 24, 2024



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.